

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

James M. Frace

CRD # 2629626

SUMMARY
REVOCATION ORDER

James M. Frace
2471 N.W. 98th Avenue
Sunrise, Florida 33322

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., ("Law"), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of:

- (1) Complaint Seeking Preliminary Injunction, U.S. Securities and Exchange Commission v. Platinum Investment Corporation, Platinum Investment Holding Corp., Lee Antonucci, Andrew Antonucci, Marcos Martinez, James Frace, and Matthew Beaulieu, Before the United States District Court Southern District of New York, (July 31, 2002);
- (2) Order Granting Preliminary Injunction And Other Relief, 02 Civ. 6093 (JSR) (August 9, 2002);
- (3) NASD letter of Statutory Disqualification as a result of Preliminary Injunction, and pursuant to NASD Procedural Rule 9522(a)(3), ordering revocation (October 11, 2002);
- (4) Order to Deny Application, In the Matter of the License of James Frace, Before the

Division of Securities of the Department of Commerce of the State of Utah (September 6, 2002);

(5) Final Order of Revocation in the Matter of James M. Frace, Administrative Proceeding Before the Maryland Securities Commissioner (November 26, 2002);

(6) Proposed Findings of Fact Conclusions of Law and Order in the Matter of James Michael Frace, Docket No. 02DOCID0211, brought by the Iowa Securities Bureau, Before the Iowa Department of Inspections and Appeals, Division of Administrative Hearings (December 19, 2002);

(7) Consent Order In the Matter of Securities Agent License of James Michael Frace, Before the State of Minnesota for the Commissioner of Commerce (May 5, 2003); and

(8) Permanent Order Revoking License and Barring from Association in the Matter of James Michael Frace, File No. 102-345, Before the State of Nevada Office of the Secretary of State, Securities Division (June 16, 2003); the Bureau Chief has determined that the agent registration of James M. Frace shall be **REVOKED** for the reasons that follow:

1. James M. Frace, ("Frac") residing at 2471 N.W. 98th Avenue, Sunrise, Florida 33322 had been registered with the Bureau as an agent of six different firms between the period beginning January 30, 1997 when he was a registered agent of Walsh Manning Securities, and ending December 31, 2002 when Platinum Investment Corporation ("Platinum") failed to renew Frace's registration.

2. On July 31, 2002, the U.S. Securities Exchange Commission ("SEC") filed a complaint in the United States District Court for the Southern District of New York against Platinum, Frace and the other respondents seeking injunctive and other relief, and alleging that Platinum and four of their associates, of which Frace was included, had engaged in a brazen

securities fraud against more than 50 of their investors.

3. On August 9, 2002, the Honorable Jed Rakoff entered a Final Order Granting Preliminary Injunction And Other Relief Against Frace which, *inter alia*, enjoined him from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), Sections 10(b), of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5, 17 C.F.R. § 240.10b-5 thereunder.

4. Judge Rakoff found that the SEC made the proper required showing that Frace violated the aforementioned Sections; a freezing of the Defendants' assets was necessary to preserve the *status quo* and protect the Court's ability to disgorge illegal profits; a verified accounting was necessary to effectuate and ensure compliance with the freeze; the Defendants may attempt to destroy, alter or conceal documents; and the court had proper jurisdiction over the subject matter of the action and the defendants.

5. As a result of the Preliminary Injunction, Platinum and its associates were subject to statutory disqualification. Platinum's failure to return the requisite forms to the NASD for the purpose of sponsoring Platinum's continued association with the NASD, is grounds for revocation of registration. On October 11, 2002, the NASD notified Platinum that the registration of the firm, and the registration of the four associated persons of the firm, which includes Frace, were revoked pursuant to NASD Procedural Rule 9522(a)(3).

6. On September 6, 2002, the Director of the Division of Securities of the Department of Commerce of the State of Utah filed an order denying Frace's application to be licensed as a broker-dealer agent. The denial of Frace's application was based on the finding of the Director that Frace "engaged in dishonest or unethical practices in the securities business."

7. On November 26, 2002, the Maryland Securities Commissioner entered a Final Order

of Revocation, revoking the agent registration of Frace.

8. On December 19, 2002, Before the Iowa Department of Inspections and Appeals, Division of Administrative Hearings, it was ordered that Frace's registration as a securities agent in the State of Iowa be revoked.

9. On May 5, 2003, the State of Minnesota, for the Commissioner of Commerce, entered into a Consent Order with Frace revoking Frace's Securities Agent License.

10. On June 16, 2003, the State of Nevada Office of the Secretary of State, Securities Division, issued a permanent order revoking the sales representative license of Frace, and barred him from association with any broker-dealer, and/or investment advisor in the State of Nevada.

FRACE IS PRELIMINARILY ENJOINED BY A COURT OF COMPETENT JURISDICTION
FROM ENGAGING IN OR CONTINUING ANY CONDUCT OR PRACTICE IN THE
SECURITIES BUSINESS

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(iv)

11. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

12. Pursuant to N.J.S.A. 49:3-58(a):

[t]he bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ...(iv)...is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities...business.

13. The Preliminary Injunction, as more fully set forth in paragraphs 3 and 4, inclusive, constitutes a basis for the revocation of Frace's registration as an agent pursuant to N.J.S.A.

49:3-58(a)(2)(iv), in that it preliminarily enjoined Frace from engaging in or continuing any conduct or practice involving any aspect of the securities business. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(iv), to revoke Frace's registration.

14. Based upon the foregoing, the revocation of Frace's registration as an agent is in the public interest and necessary for the protection of investors.

FRACE IS THE SUBJECT OF AN ORDER ENTERED WITHIN THE PAST TWO YEARS
BY A SELF-REGULATORY ORGANIZATION DENYING OR REVOKING A SECURITIES
LICENSE OR REGISTRATION
N.J.S.A. 49:3-58(a)(2)(vi)

15. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

16. On October 11, 2002, the NASD notified Platinum that the registration of Frace, was revoked pursuant to NASD Procedural Rule 9522(a)(3). This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vi), to revoke Frace's agent registration.

17. N.J.S.A. 49:3-58(a)(2)(vi) authorizes the Bureau Chief to deny, suspend, or revoke any registration if he finds that the applicant is the subject of an order entered within the past two years by any self-regulatory organization revoking a securities registration if the denial is based on facts which would currently constitute grounds for an order under New Jersey law.

FRACE IS THE SUBJECT OF FIVE ORDERS ENTERED WITHIN THE PAST TWO YEARS
BY STATE SECURITIES ADMINISTRATORS DENYING OR REVOKING HIS AGENT
REGISTRATION
N.J.S.A. 49:3-58(a)(2)(vi)

18. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

19. By order dated September 6, 2002 the Division of Securities of the Department of Commerce of the State of Utah denied Frace's application as a broker-dealer agent. This order was based on the finding of the Director that Frace "engaged in dishonest or unethical practices in the securities business."

20. On November 26, 2002, the Maryland Securities Commissioner entered a Final Order of Revocation, revoking the agent registration of Frace.

21. On December 19, 2002, Before the Iowa Department of Inspections and Appeals, Division of Administrative Hearings, it was ordered that Frace's registration as a securities agent in the State of Iowa be revoked.

22. On May 5, 2003, the State of Minnesota, for the Commissioner of Commerce, entered into a Consent Order with Frace revoking Frace's Securities Agent License.

23. On June 16, 2003, the State of Nevada Office of the Secretary of State, Securities Division, issued a permanent order revoking the sales representative license of Frace, and barred him from association with any broker-dealer, and/or investment advisor in the State of Nevada.

24. Pursuant to N.J.S.A. 49:3-58(a)(2)(vi), the Bureau Chief is authorized to deny, suspend, or revoke any registration if he finds that the applicant is the subject of an order entered within the past two years by any state securities administrator denying a securities registration if the denial is based on facts which would currently constitute grounds for an order under New Jersey law.

FRACE HAS ENGAGED IN DISHONEST OR UNETHICAL PRACTICES IN THE
SECURITIES BUSINESS
N.J.S.A. 49:3-58(a)(2)(vii)

25. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

26. The foregoing conduct by Frace constitutes dishonest or unethical practices in the securities business, which is good cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), and it is in the public interest, pursuant to N.J.S.A. 49:3-58(a)(1), to revoke Frace's registration as a securities agent of Platinum Investment Corporation.

27. Based upon the foregoing, the revocation of Frace's registration as a General Securities Representative is in the public interest and necessary for the protection of investors.

CONCLUSION

For the reasons stated above, it is on this 18th DAY of August 2003 **ORDERED** that the agent registration of James M. Frace with Platinum Investment Corporation be **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(iv)(vi) and (vii).

Dated:

August 18, 2003



Franklin L. Widmann
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c), the bureau chief shall entertain on no less than three days notice, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed

with the Bureau within 15 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall be entered as a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.